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ABSTRACT

This paper explores the future of school finance through an examination of the size and distribution of future populations, the future of the economy and its effect on money available for schools, and the political context within which decisions will be made. It projects this knowledge over the decade of the 1980s and makes future predictions about the financial outlook for education. Some of the specific topics explored include enrollment projections, the impact of demographic changes, the impending shortage of quality teachers, societal forces competing with education for funds, and political strategies to increase expenditures for education. (Author/LD)

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Policy Paper No. 80-C1

THE DEMOGRAPHIC, FISCAL, AND POLITICAL ENVIRONMENT OF PUBLIC SCHOOL FINANCE IN THE 1980's

Michael W. Kirst*[1]

Walter I. Garms*[2]

March 1980

*[1] This author is Professor of Education and Associate Professor, by Courtesy, Graduate School of Business, Stanford University, and President, California State Board of Education.

*[2] This author is Dean, Graduate School of Education, University of Rochester.

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THE DEMOGRAPHIC, FISCAL, AND POLITICAL ENVIRONMENT OF PUBLIC SCHOOL FINANCE IN THE 1980'S

Abstract

Financing of our public schools is embedded in a societal matrix. It is not possible to consider the future of school finance without examining the size and distribution of future populations, the future of the economy and its effect on money available for schools, and the political context within which decisions will be made. This paper attempts to state what is known now about these forces, and to project them over the decade of the 1980's.

The public school system is a "dependent variable" of larger social and economic forces. The decade of the 70's produced a $23 billion growth (after inflation) in educational expenditures despite a downturn in enrollment. While education's share of the GNP slipped slightly, there was no dramatic turnaround. Can this impressive fiscal growth be continued in the 1980's? Shifting social and demographic patterns will place education in a weakened political bargaining position for funding increases. A trend toward tougher competition for funds is likely because of threats to the local and federal revenue bases. Given the probable erosion of political support at the local and federal levels, increased political cohesion and action among education groups at the state level is crucial.

Financing of our public schools is embedded in a societal matrix. It is not possible to consider the future of school finance without examining the size and distribution of future populations, the future of the economy and its effect on money available for schools, and the political context within which decisions will be made. This chapter attempts to state what is known now about these forces, and to project them over the decade of the 1980's.

The public school system is a "dependent variable" of larger social and economic forces. These forces are sometimes cyclical in nature. For example, in the late fifties, the Sputnik launching triggered a series of policies that directed resources toward the training of gifted students, especially in science. In the mid-sixties, Johnson's War on Poverty produced counter-trend policies through the redirection of resources to the disadvantaged and the handicapped. In the late seventies, the search for alternative energy forms may once again redirect resources toward science and math.

Educational policies are also often determined by the actions of special interest groups external to the system. California's Proposition 13 and spending caps, which have substantial impact on the state's education finance structure, resulted from taxpayers' resentment against the property tax and inflation. Schools were directly affected by an issue in which they were only an indirect target. Special interest groups directly related to education have had a much less powerful effect. These groups include professionals, school boards, and PTAs. Their policy inputs have been muffled not only by social forces and taxpayer groups, but by external authorities who are more distantly connected with education. For example,

the courts have made substantial policy inroads in the areas of desegregation and school finance.

The decade of the 70's produced a $23 billion growth (after inflation) in education expenditures despite a downturn in enrollment. While education's share of the GNP slipped slightly, there was no dramatic turnaround. Can this impressive fiscal growth be continued in the 1980's? Shifting social and demographic patterns will place education in a weakened political bargaining position for funding increases. A trend toward tougher competition for funds is likely because of threats to the local and federal revenue bases. First, for a variety of reasons, voter support of local school finance elections will continue to decline or remain at the current depressed level. The number of people with a direct stake in education (e.g., parents) and those who are not alienated from schools is declining. The only population sectors in which enrollments are increasing, such as Hispanics and low income citizens, have little political influence over budgets. Special programs for these pupils, including bilingual education and desegregation, will further depress voter support. Second, the number of people with no direct interest in education and who, for a variety of reasons, are probable "no" voters in local school finance elections is increasing.[1] There will be a dramatic increase in the total number of senior citizens who also have the highest tendency to vote. Inflation psychology will depress willingness to increase local taxes. Third, education is expected to face increased competition for quality level funding at the federal level from defense, energy, and senior

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[1]Philip K. Piele, "Voting Behavior in Local School Financial Referenda: An Update of Some Earlier Projections," an address to the American Education Finance Association, San Diego, March 1980. See also Susan Abramowitz and Stuart Rosenfeld (eds.), Declining Enrollment (Washington: NIE, 1978); and John Hall and Philip Piele, "Selected Determinants of Precinct Voting Decisions in School Budget Elections" in Western Political Quarterly, V. XXIX, No. 3, September 1976, pp. 440-456.

Table 1

Revenue receipts of public elementary and secondary schools, by source: 1942 to 1978

School year ending	Total	Federal	State	Local[1]
		Current dollars (in millions)		
1942.....	$ 2,417	$ 34	$ 760	$ 1,622
1946.....	3,060	41	1,062	1,956
1950.....	5,437	156	2,166	3,116
1954.....	7,867	355	2,944	4,568
1958.....	12,182	486	4,800	6,895
1962.....	17,528	761	6,789	9,978
1966.....	25,357	1,997	9,920	13,440
1970.....	40,267	3,220	16,063	20,985
1974.....	58,231	4,930	24,281	29,020
1978[2].....	80,925	6,575	35,692	38,658
		Constant 1977–78 dollars (in millions)		
1942.....	9,717	137	3,055	6,521
1946.....	10,513	141	3,649	6,720
1950.....	14,379	413	5,728	8,241
1954.....	18,314	826	6,853	10,634
1958.....	26,693	1,065	10,518	15,108
1962.....	36,509	1,585	14,141	20,783
1966.....	49,733	3,917	19,456	26,360
1970.....	66,771	5,339	26,636	34,797
1974.....	78,193	6,620	32,605	38,968
1978[2].....	80,925	6,575	35,692	38,658
		Percentage distribution		
1942.....	100.0	1.4	31.5	67.1
1946.....	100.0	1.4	34.7	63.8
1950.....	100.0	2.9	39.8	57.3
1954.....	100.0	4.5	37.4	58.1
1958.....	100.0	4.0	39.4	56.6
1962.....	100.0	4.3	38.7	56.9
1966.....	100.0	7.9	39.1	53.0
1970.....	100.0	8.0	39.9	52.1
1974.....	100.0	8.5	41.7	49.8
1978[2].....	100.0	8.1	44.1	47.8

[1] Includes intermediate.
[2] Estimated.

For 1979, NEA estimates the state government provided 53% of funds, Federal 9%, and local 38%.

NOTE: Details may not add to totals because of rounding.

SOURCE: U.S. Department of Health, Education, and Welfare, National Center for Education Statistics, *Digest of Education Statistics, 1977–78*, and preliminary data.

citizens. Given the probable erosion of political support at the local and federal levels, increased political cohesion and action among education groups at the state level is crucial. During the 1970's this shift to reliance on state revenues began. Maintaining the impressive growth in state education support will be difficult given the history of state political factionalism. The state revenue base will be the key to future fiscal support. From 1969 to 1979 state education spending increased from $16.6 billion to $46.2 -- up 44.5% in real terms! In an era of tax limits, public education groups may have to use their political muscle to redistribute scarce state dollars from other public services to education.

Demographic prediction is an inherently risky business, but the evidence signals a decline in these pro-education spending groups. An increase in private school enrollment could even worsen this outlook. The U.S. Bureau of the Census uses four series to project total population. In 1967 it predicted that the 1980 U.S. population would be betwwen 227 million and 250 million.[2] In 1971 the prediction was revised to be between 225 million and 236 million.[3] The population in 1980 will actually be about 221 million, well below the lowest of the four prediction series used. Needless to say, predictions of population by geographical area, or of components of the population such as number of minorities, are bound to be even more in error. Yet population data are the most solid figures we have. Most of those who will be alive in 1990

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[2]U.S. Bureau of the Census, Statistical Abstract of the United States, 1967, p. 8, Table 6.

[3]Statistical Abstract of the U.S., 1971, p. 8, Table 6.

are already born. Predictions of future economic trends are even more risky, however, for there is much less that is certain. Finally, future political trends may be the most risky of all to predict, for these can shift rapidly and markedly in response to things which we cannot now foresee. With these chastening thoughts in mind, we will begin with the least speculative area of short term demography and end with the most hazy political predictions.

Projections of Elementary/Secondary Enrollments.

Most of the projections of population and of school enrollment have been too high and, consequently, overstated related increases in school funding. In order to understand this, it is necessary to analyze projection methods. The birth rate in a given year is the number of children born per 1,000 population. This is interesting information, but is not so useful for prediction because the number born depends not only on the rate at which women are having children but also on the relative percentage of the population who are women of child-bearing age. Right now, for example, the children of the baby boom following World War II are entering their prime child-bearing years, and this in itself would increase the birth rate even if each woman had the same number of children as was the case in some earlier era.

A better indicator, and one on which we have long-term data, is the birth rate calculated by dividing births by the number of women, aged 15 to 44. The interesting thing, as shown by Figure 1, is that this rate has showed a long-term downward trend, with only a single hump after World War II. Note that the recent decrease has been sharper for Black women than for White. Perhaps a better indicator yet is the "total fertility rate."

This is the number of births that 1,000 women would have in their lifetime if, at each year of age, they experienced the birth rates occurring in the specified year. A total fertility rate of 2,110 represents "replacement level" fertility for the total population under current mortality conditions (assuming no net immigration). Another way of expressing this is to say that for the population to be stable in the long term, the average woman must have 2.11 children. The total fertility rate was 2,928 in 1965; 2,480 in 1970; dipped below replacement level at 2,022 in 1972; and was 1,768 in 1976.[4] Recent surveys indicate that lifetime birth expectations among women 18 to 24 years old have remained virtually unchanged since 1976.[5] Both Black and White women report expecting the same number of children, although Black age-specific birth rates are still higher than those of Whites.[6]

There are many reasons for this substantial decrease in fertility of American women. Part of it is undoubtedly the availability of effective means of contraception. Part is a change in lifestyles, with a much larger percentage of the female population working. Part may be the result of the fact that the present cohort of women of child-bearing age is a large one, composed of the children of the baby boom after World War II. Because the cohort is large, it finds the competition for jobs to be more difficult. This leads to unemployment, or to lower incomes than had otherwise been expected, and this could lead to a depression in the fertility rate. Finally, economic conditions in general have an influence on the birth rate, as the

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[4] Statistical Abstract of the U.S., 1978, p. 60, Table 80.

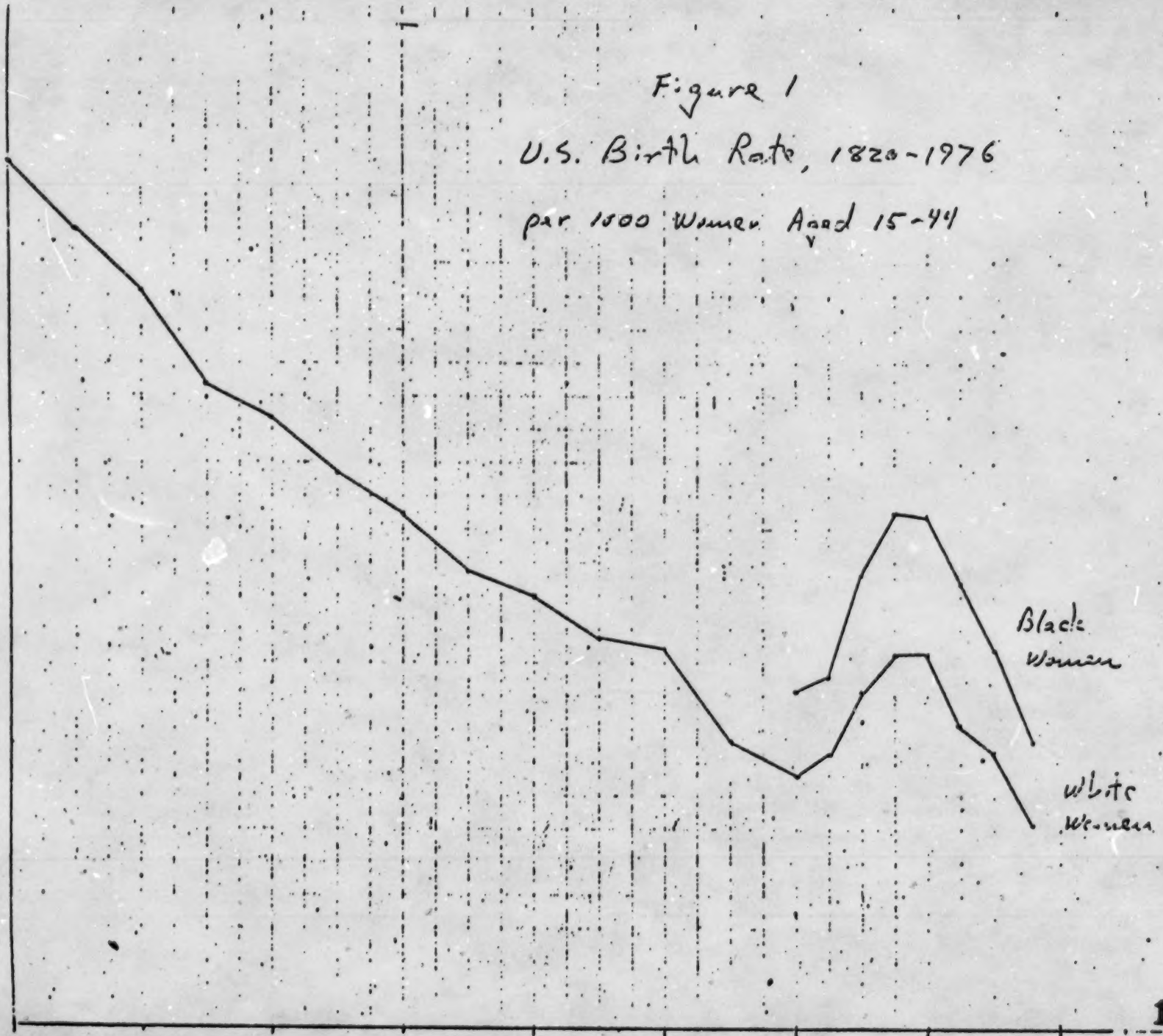
[5] U.S. Bureau of the Census, "Fertility of American Women: June 1978," Current Population Reports, Series P-20, No. 330 (September, 1978).

[6] U.S. Bureau of the Census, "Fertility of American Women: June 1977," Current Population Reports, Series P-20, No. 325 (September, 1977). Low income Black voters have tended to vote for local school budget increases, but Black birthrates have declined as much as Whites.

Figure 1

U.S. Birth Rate, 1820-1976

per 1000 Women Aged 15-44



(Figure 1 cont'd)

Sources:

1820-1950: U.S. Bureau of the Census, Historical Statistics of the United States, Colonial Times to 1957, p. 23, Table B 19-30.

1955-1976: Statistical Abstract of the U.S., 1978, p. 60, Table 81.

low rate in the depression years of the 1930's indicates. Whatever the causes, it seems likely that the present low rate of fertility will continue without major change for at least the next half-decade. The children who are born in 1985 will be entering kindergarten in 1990, and thus we should be using a fertility rate substantially below the replacement rate to make enrollment projections for the next decade.

It is worth noting that the decline in fertility is not solely an American trend, nor even a "developed world" trend. A dramatic decline in fertility is under way in many parts of the underdeveloped world. The downturn has been suggested for several years by United Nations' estimates based on vital statistics, but for many countries such data are considered unreliable. Now a series of 15 single-country reports on carefully designed household surveys conducted by the World Fertility Survey has documented the trend. To some extent the decreased fertility is the result of later marriage, but the major reason is that people want to have smaller families.[7]

The National Center for Educational Statistics puts out projections of Educational Statistics for a ten-year period. The most recent carries the projections to 1986-87.[8] The projections show a high alternative, a low alternative, and an intermediate alternative, based on assumed fertility rates of 2,700, 1,700, and 2,100. The assumption is that the intermediate alternative is the most likely. Based on the fact that the low level of fertility has now persisted for more years than most experts had believed it would, we feel that the low alternative is considerably more likely.

This assumption on our part makes a difference primarily in projections of elementary school enrollment. Children born in 1979 will only be in

[7]"Science and the Citizen," Scientific American 241:4 (October, 1979), p. 72.

[8]Martin M. Frankel (ed.), Projections of Educational Statistics to 1986-87, National Center for Education Statistics, U.S. Dept. of HEW, 1978.

fifth grade by 1990. However, these enrollment projections are central, for they determine many other things related to the size of the educational enterprise: teacher demand and its relationship to supply, impact of education on the tax structure, need for school construction or renovation, and many others. Enrollment also has a major impact on political support for increases in school spending.

Let us proceed to make predictions about the demographic future of education in the 1980's. Figure 2 shows predictions of enrollment in grades K-12 of regular day schools in the United States. The alternative projections to 1986 shown are those from Projections of Educational Statistics.[9] We believe the low alternative to be the most correct, as explained above, and we have continued that projection out to 1990. In doing so, we have used Census Bureau population projections, the data in Projections of Educational Statistics and the cohort survival method used by NCES, to extend the lines.[10] The indication is that K-8 enrollment will continue to decline until about 1987, and show a slight upturn, with about a 4% increase between then and 1990.

There are no alternative projections for 9-12 enrollment, since all of the students who will be in those grades in the 1980's have already been born. The line has been extended to 1990, and shows a continued decline throughout the 1980's, although with a plateau from 1983 through 1986. The combination of the two gives a K-12 enrollment that will decline until 1988, and then remain at about the same level for the next two years. Any upturn in overall K-12 enrollment, if it occurs at all, is unlikely to come in the 1980's. The data for selected years are given in Table 2. They show

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[9] Projections of Educational Statistics to 1986-87, op. cit., p. 16, Table 3.

[10] U.S. Bureau of the Census, "Projections of the Population of the United States: 1977 to 2050," Current Population Reports, Series P-25, No. 704 (July, 1977), p. 10, Table 4; Projections of Educational Statistics to 1986-87, op. cit., p. 119, Table A-1, and p. 156, Table B-1.

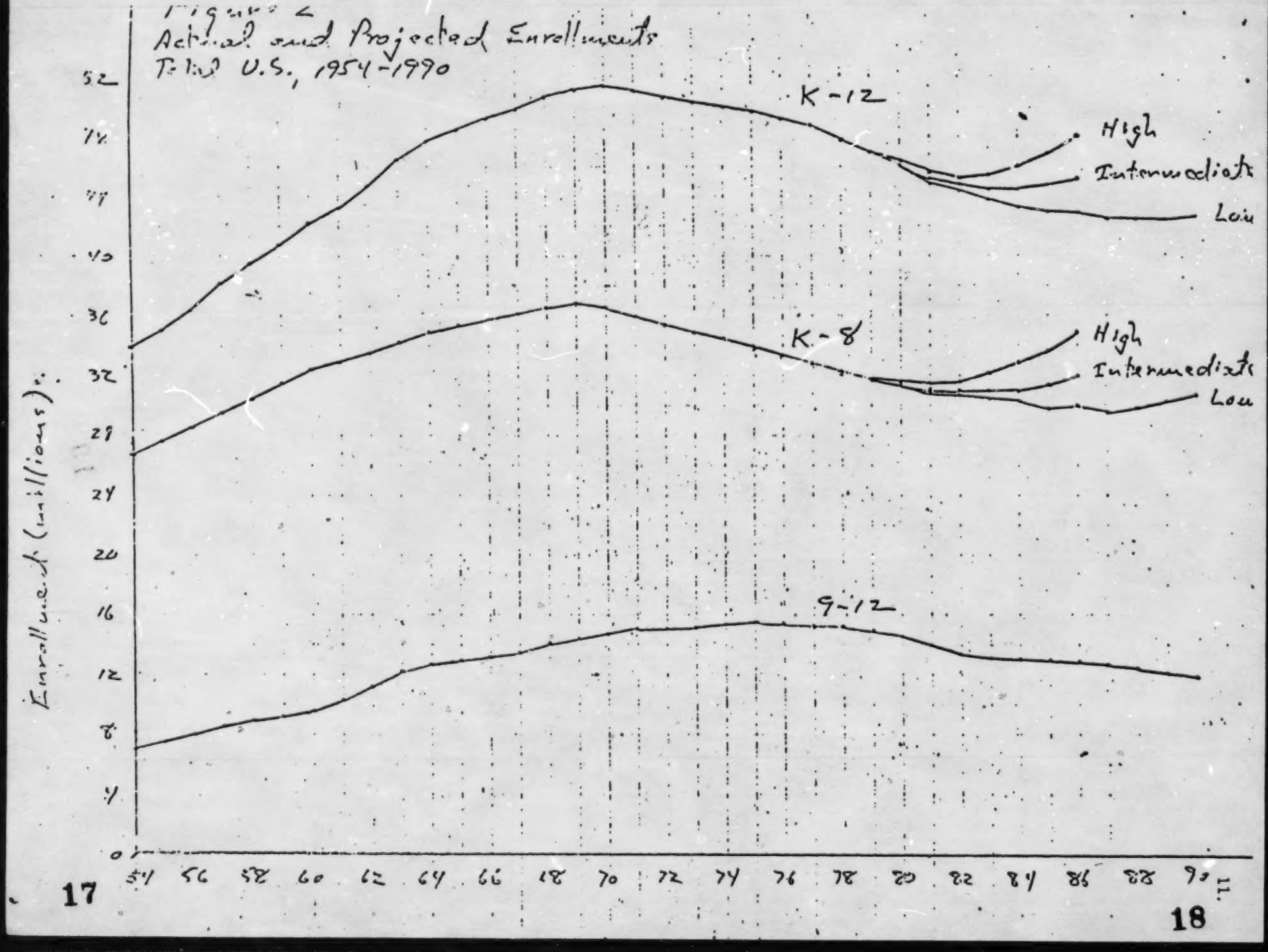


Figure 2
Actual and Projected Enrollments
Total U.S., 1954-1990
K-12
High
Intermediate
Low
K-8
High
Intermediate
Low
9-12
Enrollment (millions)
52
44
40
36
32
28
24
20
16
12
8
4
0
54 56 58 60 62 64 66 68 70 72 74 76 78 80 82 84 86 88 90
17
18

(Goes with Figure 2)

Enrollments shown are total public and non-public regular day school. Non-public K-8 enrollments are projected to remain flat at 3.6 million, and non-public 9-12 at 1.4 million, throughout the projection period, so public school projections can be obtained by subtracting these amounts from those shown.

Sources:

1954-86: Martin M. Frankel (ed.), Projections of Educational Statistics to 1986-87, National Center for Educational Statistics, 1978, p. 16, Table 3.

1987-90: Projections by the authors, using data on five-year olds from the above publication and the same cohort survival techniques used in that publication.

that total K-12 enrollment, which peaked at 51.3 million in 1971, will be less than 43 million by 1990. This is a 17% decrease in enrollment in a 20 year period. K-8 enrollment peaked in 1969, and by 1990 will have decreased 17%; 9-13 enrollment peaked in 1976, and will have decreased 24% by 1990. Solely, during the 1980's, the elementary schools will decrease in enrollment by one million students, a decrease of 3%, while the high schools will decrease by 2.6 million, or 18% of 1980 enrollment. Proportionately, the high school loss of enrollment during the decade will be six times as great as the loss at the elementary level.

(Table 2 here)

Impact of Demographic Changes on Specific States and School Districts

Unfortunately, the overall statistics do not tell us much about how the enrollment declines will affect different school districts. Trying to predict these is more difficult. First, we assume that the patterns of migration that have seen the industrial Northeast (excluding Northern New England) and North Central states lose population to the South and West will continue. Figure 3 shows the pattern of regional growth from 1920 to 1978, and projected to 1990. The pattern is striking: rapid growth continues in the South and West, with slow growth in the North Central States, and the beginning of a decline in the Northeast. By 1990 the Northeast will be the least populous region. It is difficult to say whether these regional population shifts will overbalance general declines in the school-age population in the West and the South. We can say with confidence that the declines will be less precipitous than the average in the sun belt regions, and faster than the average in the Northeast and North Central states.

(Figure 3 here)

Table 2

Actual and Projected Enrollment in

Regular Day Schools, 1955-1990

Enrollment (thousands)

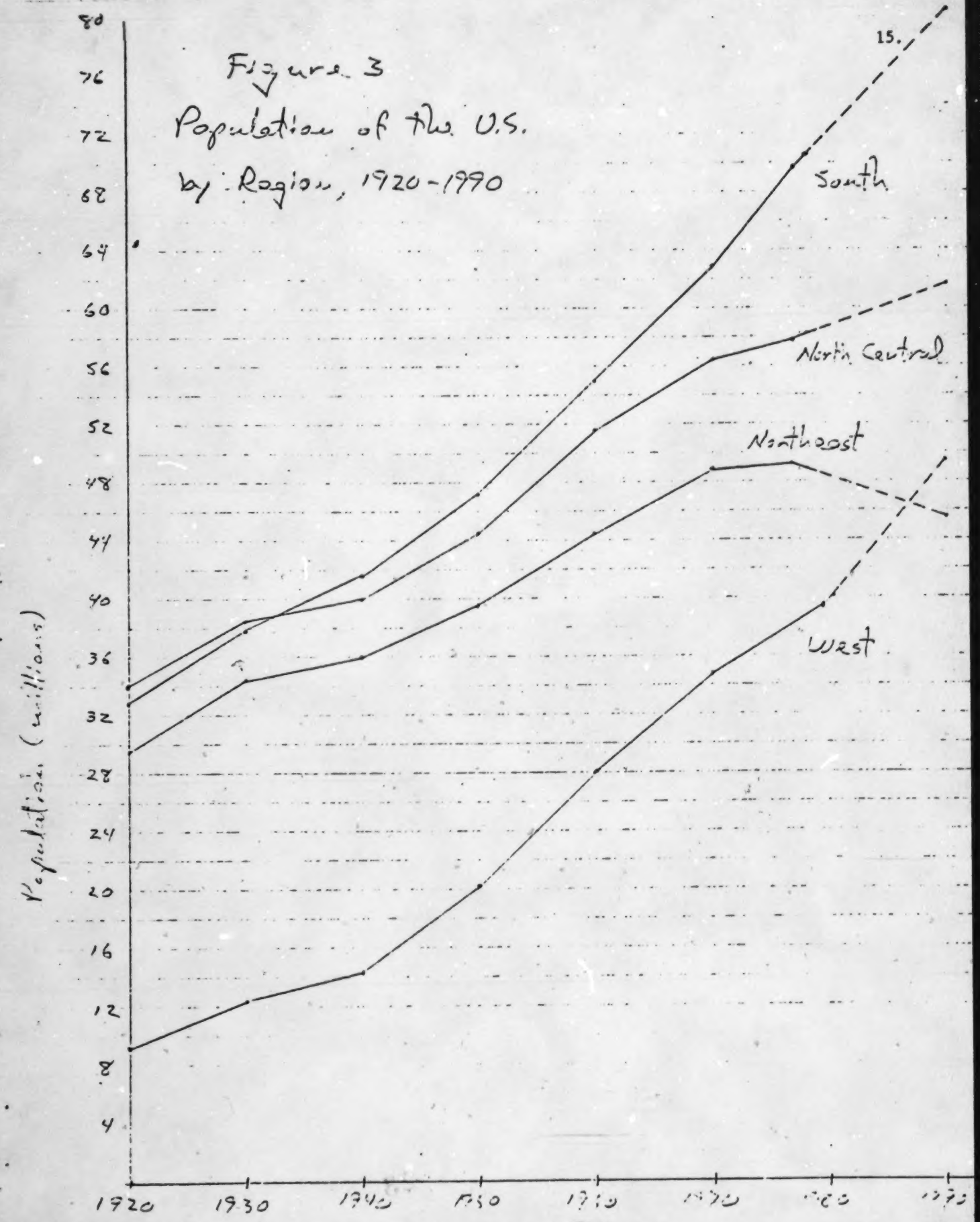
Year	K - 12	K - 8	9 - 12
1955	35,280	27,717	7,563
1960	42,181	32,492	9,689
1965	48,473	35,463	13,010
1970	51,309	36,677	14,632
1975	49,791	34,087	15,704
1980	46,076	31,473	14,603
1985	43,231	29,868	13,363
1990	42,680	30,714	11,966

Sources:

1955-1985: Martin M. Frankel (ed.), Projections of Educational Statistics to 1986-87. National Center for Educational Statistics, Dept. of HEW, 1978, p. 16, Table 3.

1990: Authors' projections.

Figure 3
Population of the U.S.
by Region, 1920-1990



(Goes with Figure 3)

Sources:

1920-1970: U.S. Bureau of the Census, Statistical Abstract of the U.S., 1971, p. 12, Table 11.

1977-78: U.S. Bureau of the Census, "Population Estimates and Projections," Current Population Reports, Series P-25, No. 799 (April, 1979).

1990: Projection by the authors based on the 1977-78 rate of change.

The rapid growth of the sun belt states must be understood as only relative to the stagnation and decline of the Midwest, Northeast industrial belt. The rate of enrollment growth of most sun belt states and their metropolitan areas is no faster, and in some cases slower, than in the 1960's. If the trend towards decreasing fertility and births persists, then population and employment cannot increase in some regions without causing a loss somewhere else. The state revenue systems of the South and West should benefit enough from economic growth to provide ample resources for public services. For example, growth in Texas has permitted a jump from $1.2 billion to $5.1 billion in annual public education funding since 1969 (Education Daily, January 21, 1980). The automobile sales plunge has caused a 13% decrease in Michigan State Education Department funds for 1980.

Another facet of population movement is the shift from metropolitan to nonmetropolitan areas. In the 1960's, metropolitan areas increased in population 16.6%, while nonmetropolitan areas only increased by 6.6%.[11] Between 1970 and 1977, however, population in metropolitan areas increased only 4%, while it increased 11% in nonmetropolitan areas.[12] The current lower rate of growth in metropolitan areas has resulted from a combination of depopulation of the central cities and the slackening growth boom in the suburbs. Since 1970, central cities have lost over 2 million persons, a decline of 5%. Suburbs increased in population 12%,[13] but this is small compared with 26.7% during the 1960's and 45.9% during the 1950's. The fastest growth in suburbs is in the South; the fastest growth in nonmetropolitan areas is in the West.[14]

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[11]Brian J. L. Berry and Donald C. Dahmann, "Population Redistribution in the United States in the 1970's," Population Development Review 111:4 (December, 1977), pp. 443-71.

[12]U.S. Bureau of the Census, "Social and Economic Characteristics of the Metropolitan and Nonmetropolitan Population: 1977 and 1970," Current Population Reports, Special Studies, Series P-23, No. 75. See also U.S. Bureau of the Census, "Geographical Mobility: March 1975 to March 1978, Current Population Reports, Series P-20, No. 331 (November, 1978).

[13]U.S. Bureau of the Census, "Social and Economic Characteristics," op. cit., p. 10.

[14]Berry and Dahmann, op. cit.

Urban-suburban-rural migration was not uniform among elements of the population. Black population in cities did not grow significantly between 1974 and 1977, marking at least a temporary pause in a long-term trend. Black migration to the suburbs appears to be accelerating, however. The number of suburban Blacks increased 34% between 1970 and 1977, but they still represent only 6% of the suburban population.[15] The nation's Spanish population was more concentrated in metropolitan areas than either the White population as a whole or the Black population; however, it was more evenly distributed between central cities and suburbs than was the Black population.[16] The poverty rate in cities was slightly higher in 1976 than in 1969, while the poverty rate in suburbs declined a little and the rate in nonmetropolitan areas declined substantially. Forty-two percent of the metropolitan population lives in cities, but 62% of the metropolitan poor are city dwellers.[17] The Council of Great City Schools reported to a congressional committee that its 27 member districts lost 847,000 students between 1970 and 1977. Although minority students made up 46% of the enrollment in these districts in 1970, four years later they made up 67%.[18] This demographic change accounts for some of the fiscal stress in such city schools as Chicago, Cincinnati, and Cleveland. Again, the central city fiscal problem will be concentrated in the Northeast and Midwest.

The Local Tax Base and the Voters: Erosion of Support for Education

Overall school enrollment declines lead to less direct stakes in education for the voting population as indicated below:

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[15]"Social and Economic Characteristics ...," op. cit.

[16]Ibid.

[17]Ibid. See also Abramowitz and Rosenfeld, op. cit., Chapters IV and VIII.

[18]Shirley Boes Neill, "The Demographers' Message to Education," American Education (January-February, 1979), p. 8.

Present Percentage of U.S. Population Ages 15-24

1950 - 15% 1977 - 19% 1990 - 14%

1965 - 16% 1985 - 17%

The snow belt states will suffer more than the sun belt states, with Northeast metropolitan areas being hit the hardest. This may imply a decrease in "yes" voters for local property tax school financing. A relative increase in a share of households without children may not result in a reduction in electoral support for public education, or reduced total or per pupil expenditure. The tax rate to raise a given level of spending per pupil may fall because there is a higher ratio of taxpayers to students. Many school districts in the East have increased per pupil expending dramatically because budgets have nct been cut back commensurate with enrollment declines. Only if state and local finance formulae are precisely linked to commensurate amounts of enrollment decline will per pupil expenditure drop. Nationally, class sizes have declined consistently for the past five years to hit a low of 19.4 pupils per teacher in 1979.[19]

Immigration will have a major effect in only a few states. Legal immigration is about 400,000 persons, and these tend to scatter among all regions. But illegal immigration of Mexicans into border states of California, New Mexico, Arizona, and Texas is a major issue. Unofficial estimates of the number of immigrants in the united States range from 2 million to 12 million. These illegal immigrants create demands for high cost bilingual programs, but the parents can not vote in U.S. elections to increase state or local school revenue. Any immigration settlement with Mexico in return for Mexican

[19] Phi Delta Kappan, November, 1979, p. 8. Also see NCES, The Condition of Education 1979 (Washington, D.C.: Govt. Printing Office), p. 81.

oil is certain to result in a sudden influx into the public schools in the border states. California's Hispanic school enrollment grew from 11% of total in 1970 to 23% by 1979, along with rising public resentment against state mandated bilingual educucation.[20]

While the empirical evidence that age composition of a community affects support for public schools, we view the overall characteristics of the U.S. senior citizens as an ominous sign for school voting. Recall that voters with less education tend to vote no. Nearly half of the population over 65 never attended high school. Only 16% have one year of college.[21] The population over 65 doubled, from 12 million to 24 million, between 1950 and 1978.[22] As a percent of the population, those over 65 increased from 8% to 11%. It is estimated that by the year 2030 that proportion will have increased to 22%. Moreover, U.S. senior citizens are more likely to own homes than child-bearing age groups. Consequently, they perceive a direct impact of local school expenditures on their property tax. The elderly now account for 25% of the federal budget. The U.S. House of Representatives' report on aging projects that, without any additional increases in programs, the elderly will account for roughly 40% of the budget by 2050. Citizens over 65 turn out to vote at a 62% rate compared to 49% for the child bearing years of ages 18-34.[23]

As our initial analysis of demographic trends indicates, however, growing areas such as rural areas and some of the sun belt areas, will continue to experience an inflow of younger residents. They might do better

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[20] A bill to repeal state bilingual programs passed by a two-thirds vote in the California Senate during January, 1980.

[21] See Martin Katz, "Demographic Changes and School Finance," Hudson Institute, Croton, New York, H-I-2678-P, 1976.

[22] U.S. Bureau of the Census, "Estimates of the Population of the United States by Age, Sex, and Race: 1976 to 1978," Current Population Reports, Series P-25, No. 800 (April, 1979).

[23] These statistics on senior citizens are from Samuel Halperin, "The Future of Educational Governance," prepared for the Summer Institute of the Council of Chief State School Officers, Jeffersonville, Vt., July, 1979. For voter participation statistics, see NCES, The Condition of Education: 1979 (D.C.:GPO), pp. 35-43.

in the voting sweepstakes than older communities in states like Ohio. A crucial determinant will be the turnout of the Hispanic voters and other new immigrants. If they continue to display the low turnouts of the past, public voting support for local education expenditures could drop. Those segments of the population that are increasing their proportionate participation in education may prove to be a mixed blessing. The U.S. contains an increasing proportion of those children who are nonwhite, poor, and born to teenage mothers. Almost half of the children born in 1976 are expected to live in single parent households at some point before they are 18. Families headed by females generally have to subsist on incomes 50 percent lower than those headed by males. The number of such families increased by over 250 percent between 1950 and the mid-1970's.[24] Thus, while those with no direct interest in public education are increasing in numbers, an increasing proportion of those who have a direct interest will also be among those who tend to be politically powerless -- voter turnout is lower as well as opportunity to provide resources for campaigns.

Not only are most of them politically powerless, but many of them will also require expensive, special programs for the disadvantaged. This will increase the per capita expenditure while eroding the community's political base. Additionally, these students tend to be located in center city districts, some of which will be the least able to finance this "educational overburden." The fiscally distressed Eastern and Midwestern cities contain disproportionate numbers of Hispanics, Blacks, and immigrants. Among the poor, teenage pregnancy rates are not falling. Young mothers tend to have a higher proportion of handicapped children, also increasing the urban school districts

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[24]"The Demographers' Message to Education," op. cit., p. 7.

per capita expenditures.

Competition Between Public Schools, Day Care, and Manpower Training

There are other trends that will have implications for elementary-secondary education financing. One is the increase in labor force participation of American women. In 1960, 25% of the women were in the labor force.[25] By 1978 this had doubled to 50%. The labor force participation of young women, 25 to 34 years old, increased from 36% in 1960 to 62% in 1979. During this same period the labor force participation rate for mothers of children under six rose even more dramatically from 19 to 42%.[26] It is estimated that by 1990 70% to 80% of women will be in the labor force.[27] This has important implications for day care and similar custodial programs for children. For example, the only school level showing an increase in enrollment between 1977 and 1978 was nursery school. There were two-thirds more children in nursery school in 1978 than in 1970.[28]

Moreover, women will increasingly enter the work force as our inflationary society requires more income merely to support a basic standard of living. If current child care arrangements are projected into the future, the number of children of working mothers served by day care centers and nursery schools could increase dramatically. Will this begin to shift public pressure and financing towards preschool programs and away from kindergarten through 12th grade?

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[25] "The Demographers' Message to Education," op. cit., p. 7.

[26] U.S. Bureau of the Census, "Population Profile of the United States: 1978," Current Population Reports, Series P-20, No. 336 (April, 1979).

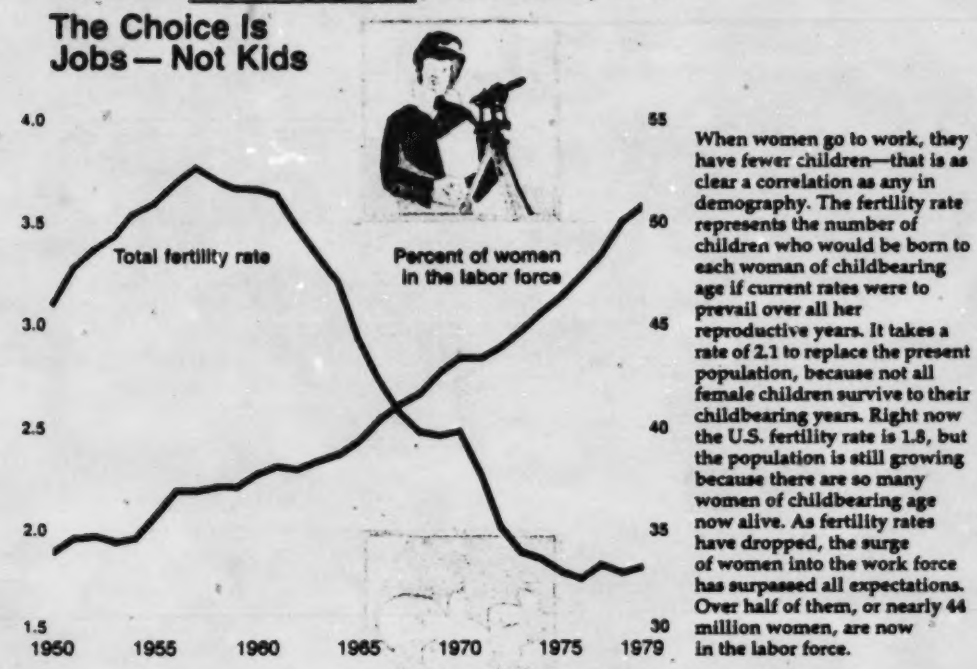
[27] "The Demographers' Message to Education," op. cit., p. 7.

[28] "Population Profile of the U.S.: 1978," op. cit.

In the sixties many school districts wanted little to do with day care programs. As K-12 enrollments decrease, a reversal in attitude seems likely. School lobbies may push to include day care programs under the district's umbrella, but during the 1970's public schools made no significant inroads on the non-school growth of child care. As the political struggle grows at the state and federal levels, one might expect to find education departments seeking more control over day and education related programs offered through other governmental departments. After Proposition 13 passed in California, local public school systems wanted to drop their child care programs and put the savings into the K-12 structure. But child care lobbyists successfully included a prohibition in the Proposition 13 state bail-out against any cuts in child care.

From 1969 to 1979 Department of Labor expenditures for out-of-school manpower programs for youth and adults grew from $2 billion annually to about $12 billion. This prodigious growth was a stark contrast to the $800 million the federal government has provided for high school vocational education. Indeed, the Carter Administration tried to cut vocational education, but was overridden by Congress. Public schools have failed to extend their boundaries to include large numbers of pre-school and out-of-school students. This has cost them dearly in terms of total expenditures. Some of the negative expenditure trends presented in this paper could be offset by a larger public school role in these related growth sectors of pre-school and out-of-school education.

Chart 1
Source: Fortune Magazine, November 5, 1979



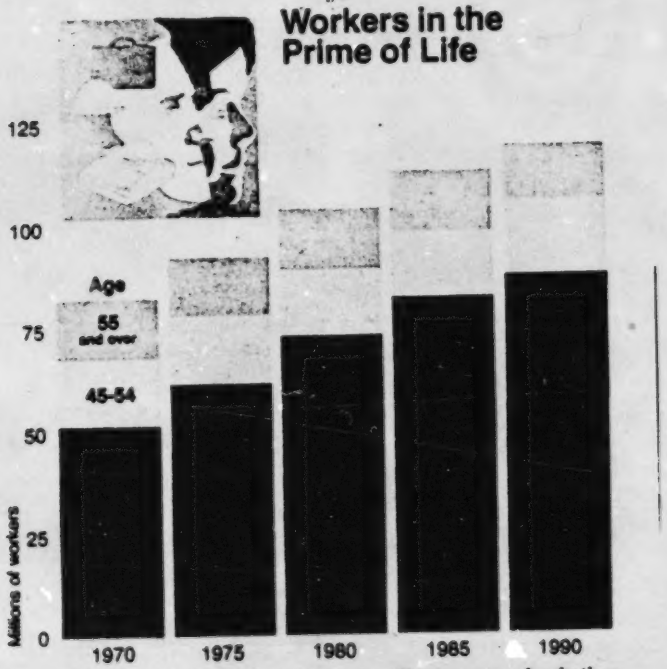
When women go to work, they have fewer children—that is as clear a correlation as any in demography. The fertility rate represents the number of children who would be born to each woman of childbearing age if current rates were to prevail over all her reproductive years. It takes a rate of 2.1 to replace the present population, because not all female children survive to their childbearing years. Right now the U.S. fertility rate is 1.8, but the population is still growing because there are so many women of childbearing age now alive. As fertility rates have dropped, the surge of women into the work force has surpassed all expectations. Over half of them, or nearly 44 million women, are now in the labor force.

Percent Increase
for Ages 15-24

1960-1970 + 49%
1970-1980 + 14%
1980-1990 - 16%

Percent of Population
Ages 5-13

1970 17.9%
1979 13.9%



During the 1980's, the labor force will grow more slowly than over the past decade, according to the "middle" of three projections made by the Bureau of Labor Statistics. The huge numbers of workers between the ages of twenty-five and fifty-four will form an experienced corps. The sharpest decline will be recorded among younger workers, reflecting the low birthrates of the late Sixties and Seventies.

A Shortage of Quality Teachers by the Late Eighties: Impact on Public Support of Educational Funding

There is some relationship between the public's perception of teaching effectiveness and a willingness to support increased taxes. In real income today's teachers earn only two percent more than they did in 1965. Since 1974 wage settlements have lagged inflation.[29] In the long run this means that quality staff will be bid away to other occupations. The teaching market is currently in surplus as education majors face a relatively low probability of being hired. Additionally, relatively few middle and upper middle class women are entering teaching as the number of alternative opportunities has increased in the past few years. Education degrees granted at a bachelor's level are expected to fall off precipitously from 194,210 in 1972-73 to 116,340 in 1986-87, a decline of 40%. If teacher demand continues to decline, new entrants may be even lower. This will cause higher per pupil costs for current operations because of the minimal opportunity to replace expensive senior teachers with beginners at lower salary levels.

New teachers will more likely come from minority and disadvantaged backgrounds. With adequate training, this could prove to be advantageous to urban districts with increasing numbers of students from similar backgrounds. Without adequate training, districts could find themselves perpetuating old, unsuccessful patterns of behavior rather than developing new, more successful patterns of behavior in students.

The NCES projects an increasing glut in the supply of teachers despite the decrease in the numbers of new graduates. A low alternative estimates that the total stock of teachers will decline 8% between 1976 and 1986.

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[29] In this section statistics on teachers are derived from National Center for Education Statistics, The Condition of Education: 1979 (Washington, D.C.: Government Printing Office), pp. 81-88.

An increased reserve pool of teachers looking for jobs will reduce the expected value of their individual jobs as each one faces a lower probability of being hired. This will continue to encourage exits from the reserve pool and discourage new entrants. Recently, there has been an alarming drop in the college entrance scores of prospective teachers. According to the American College Board, teachers now rank second to the last in SAT's among types of college major subjects. Only ethnic studies ranked lower. If the public perceives that the quality of teachers has dropped, it may be more reluctant to support spending increases. The College Board stresses that 1979 education majors have only a 392 average verbal score and have declined as a percentage of total majors for the past five years (College Board, National Report on College Bound Seniors, 1979).

New Societal Forces Competing with Education for Funds

A variety of non-demographic factors are also likely to interact with demographic trends to influence future school politics and expenditures. For example, energy costs will have many impacts on education. Direct effects include rising fuel costs for heating, transport and racial integration. The indirect political effect could stem from a reduction in discretionary income of families to pay higher energy costs which will affect the amount of expenditures taxpayers will allocate for schools. Moreover, high priced energy may change around the political demography by encouraging people to live closer to the city.

After the Dayton and Columbus, Ohio Supreme Court cases, it is apparent that civil rights movements will continue to increase the percentage of children attending integrated schools. Increased transport costs may cause curtailment of other school costs at a time of shrinking budgets and inflation.

Moreover, "bussing" may have some negative effect on the public's willingness to vote more public school expenditures. Proponents of California's Proposition 13 cited desegregation costs ordered by the California Supreme Court as one of their prime targets.

The 1980's could bring a virtual explosion of centralizing telecommunications such as television, central computer banks, instantaneous video communication, and home-based computer and television systems. These systems may have centralized distribution, but they will be a very individualized home-based education delivery system. One thesis is that the ability to get education in the home through such things as two-way cable television, video cassettes, and so on, will lead to a privatization of education. Will consumer spending for education in the home cause less public support for institution-based education outside the home? While the impact of technology on teaching in public schools has been minimal, the technological impact and expenditures for private home-based education systems could be much more significant by 1990. We can only guess at its impact on the public's willingness to fund public schooling. By 1990, computer literacy and technological sophistication will become essential, not merely nice to have. As home computer terminals, two-way cable TV, home video consul and laser and satellite communication become within the economic reach of many Americans, the politics of education may change significantly. If skills to handle these computer and technological devices are not taught in the kindergarten through 12 schools, we could see an increase in expenditures for other satellite systems of education including private technical schools and adult courses.

Summary of Financial Outlook: 1980-1990

Projections for education expenditures look fairly dismal, especially relative to the recent past. There is an increasing national debate about the overall growth of the public sector from 25% of the Gross National Product in 1945 to 33% today. Expenditures probably cannot increase at the impressive 1970-80 rate. Even accounting for constant dollars, per capita education expenditures rose from $875 in 1963 to $1575 in 1976, an 80% increase.[30] We doubt that teacher-pupil ratios will continue to decrease as they have in the past. Local school boards are learning the politics of school closing. Moreover, as indicated above, a declining political base of public education is likely. There will be increased competition with social services (e.g., child care, health) that are related but not identical to institutionalized schooling. We suspect 1986 expenditures will be lower than the NCES low alternative, perhaps in the range of $70 to $75 billion (in 1975-76 dollars). But there will be large variations by region with more rapid expenditure growth in Texas and some other sun belt states.

The National Center for Education Statistics also projects public school expenditures for capital outlay and debt service. However, we feel these are seriously flawed because they merely assume that the 1963-64 through 1975-76 trend will continue through 1985-86. They have fitted linear regression lines to unknown prior trends. Data for capital outlay show an average expenditure of $8.6 billion a year from 1966 through 1970, and then a sharp drop in 1971 to a new average during the next five years of $6.2 billion.[31] There is no clear trend within either of the five year periods.

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[30] NCES, op. cit., p. 90, Table 28.

[31] Ibid, p. 94, Table 30. The substantial drop in local voter approvals for school bonds is presented in NCES, The Condition of Education: 1979, op. cit., p. 153. For an overview of budget votes, see John Hall and Philip Piele, "Selected Determinants of Precinct Voting Decisions in School Budget Elections" in Western Political Quarterly, V. XXIX, No. 3, September 1976, pp. 440-456.

As a result, we feel that the projection of a decline to an average early expenditure of $4.5 billion by 1986 may be low. We suspect something like $5.5 billion a year (in constant 1975-76 dollars) by 1986 is more realistic. Similarly, a regression line fitted to expenditures for interest is inappropriate when the data series climbed rapidly from 1963 to 1970 (from $1.3 billion to about $2 billion) and since then has remained essentially constant. It certainly is not consistent to project interest costs to increase to $2.6 billion by 1986 when capital expenditures are projected to fall.[32] We suspect interest costs may remain at about the $2 billion level.

Combining these estimates, we feel that public school expenditures by 1986 will be in the range of $78 billion to $83 billion in 1975-76 dollars by 1985-86, as against about $75 billion in 1975-76. This is substantially lower than the $93.5 billion projected as its best estimate by NCES. For several years, education has been losing ground relative to other social services and we project this trend to continue.

	1965	1970	1975	Net Change 1965-75
INCOME MAINTENANCE	47.4	41.7	46.1	- 1.3
HEALTH	12.4	17.3	17.4	+ 5.0
WELFARE	3.8	5.3	7.6	+ 3.8
EDUCATION	36.5	35.6	28.9	- 7.6
TOTAL	100.0	100.0	100.0	

(Source: National Center for Education Statistics, The Condition of Education, op. cit., p. 144)

[32] Ibid, p. 95, Table 31.

Since 1965 the average proportion of all public expenditures spent on welfare has doubled and health expenditures have increased by nearly a third, whereas education expenditures have decreased by over 20%. This may prove not only a difficult trend to reverse, but one which may feed on itself. The political power of organized teachers, however, might offset some of the causes of our pessimism. Elementary pupil-teacher ratios declined from 28.7 in 1958 to 20.9 in 1978. A continuation of this trend could keep education expenditures rising at the rate of prior decades. Our estimate is that a combination of forces listed above, however, will prevent a pupil-teacher ratio of 12.1 in 2000. Such a low pupil-teacher ratio would be required to preserve the expenditure growth rate of 1958-1978.

(Table 3 here)

Political Strategies to Increase Education's Share of Public Expenditures

Most observers who have looked at some of the trends discussed in this paper have come out with a pessimistic viewpoint. For example, Samuel Halperin of the Washington based Institute of Educational Leadership stated:

> As education's traditional student body diminishes in number, and as the politically powerful demands of the aging mount (national health insurance, old age assistance and welfare reform) -- along with other high social priorities (energy, R&D, crime control, rebuilding our cities, and upgrading transportation systems) -- will education's share of the GNP be politically able to keep pace? Not without a thorough restructuring of education's tattered alliances and a radicalization of the teaching profession.[33]

The big gainer at the federal level is the defense budget that is increasing much faster than inflation (to keep commitments to NATO and to counter Soviet initiatives). Moreover, most social security benefits and other payments for

[33] Halperin, op. cit., p. 10. For a pessimistic outlook on the potential for school finance reform, see Michael Kirst, "A Tale of Two Networks: School Finance versus Tax Limitation," Taxing and Spending, Winter 1980. An analysis of local school referenda is in Howard Hamilton and Sylvan Cohen, Policy Making by Plebiscite: School Referenda (Lexington: D.C. Heath, 1975).

Table 3

Classroom teachers and pupil-teacher ratios in regular elementary and secondary day schools, by control of school:Fall 1958-1986

Year	All school teachers			Public school teachers			Nonpublic school teachers[1]		
	K-12	Elementary	Secondary	K-12	Elementary	Secondary	K-12	Elementary	Secondary
					(In thousands)				
1958	1,475	931	544	1,306	815	491	169	116	53
1960	1,600	991	609	1,408	858	550	192	133	59
1962	1,708	1,021	686	1,508	886	621	200	135	65
1964	1,865	1,086	779	1,648	940	708	217	146	71
1966	2,012	1,153	859	1,789	1,006	783	223	147	76
1968	2,161	1,223	938	1,936	1,076	860	225	147	78
1970	2,288	1,281	1,007	2,055	1,128	927	233	153	80
1972	2,388	1,292	1,046	2,103	1,140	963	235	152	83
1974	2,404	1,302	1,084	2,165	1,167	998	239	153	86
1976	2,440	1,328	1,112	2,193	1,170	1,023	247	158	89
1978[2]	2,446	1,336	1,110	2,196	1,176	1,020	250	160	90
					Projected[3]				
1980	2,390	1,327	1,033	2,104	1,160	944	256	167	89
1982	2,342	1,351	991	2,080	1,178	902	262	173	89
1984	2,371	1,393	978	2,103	1,214	889	268	179	89
1986	2,454	1,490	964	2,180	1,305	875	274	185	89

Year	Public school pupil-teacher ratios		Nonpublic school pupil-teacher ratios	
	Elementary	Secondary	Elementary	Secondary
1958	28.7	21.7	38.7	18.2
1960	28.4	21.7	36.0	18.3
1962	28.5	21.7	36.3	18.5
1964	27.9	21.5	34.3	18.3
1966	26.9	20.3	32.3	18.1
1968	25.4	20.4	29.8	17.3
1970	24.4	19.8	26.5	16.4
1972	24.0	19.1	24.5	15.7
1974	22.6	18.7	23.5	15.9
1976	21.7	18.5	22.8	15.7
1978[2]	20.9	18.1	22.5	15.6
		Projected[3]		
1980	20.7	18.1	21.5	15.7
1982	20.1	17.9	20.8	15.7
1984	19.6	17.7	20.1	15.7
1986	19.1	17.5	19.5	15.7

[1] Instructional staff and classroom teachers are not reported separately. All data estimated except for secondary in 1960 and elementary and secondary in 1968 and 1970.
[2] Estimated.
[3] Projections are based on data through 1976.

SOURCE: U.S. Department of Health, Education, and Welfare, National Center for Education Statistics, *Projections of Education Statistics to 1986-87*, 1978, and unpublished tabulations.

individuals (federal retirement, veterans' payments, food stamps, public assistance and medicare) continue to rise as the number of beneficiaries increase and medical prices rise. To keep the non-defense totals the same in real terms, President Carter's 1981 budget cut grants-in-aid to state and local governments, including some education programs. The oil windfall profits tax might alter radically this pessimism, if it frees up general federal revenue that would have been used for welfare and mass transit. Since the oil companies will shift it, the windfall profits tax is actually a large consumer tax increase that might have some spillover effect on the rest of the federal budget. Other forces such as state legal mandates for school finance reform, inflation, and elastic state tax structures may offset our pessimistic projections.

A threatening and more competitive social and economic context, however, requires that educational leadership exercise tremendous understanding and insight. It also suggests that education will have to compete through an even greater effort in the traditional political mechanisms of pressure groups and participation in elections. Campaign contributions and campaign work for political candidates will be increasingly important. As indicated above, we see very little hope for large-scale federal increases; therefore, this elite political activity will have to focus its pressure on state government and some sun belt localities. If public school finance continues to increase in terms of the percentage of state support, then local tax elections may become less important. The future may look more like Florida where older people predominate and contend they paid for education once already in the Midwest. Consequently, most local Florida educators realized that the state level was their only hope and reluctantly supported de facto full state assumption.

Local voter turnout and referenda analysis will become less important

than elite interest group activity at the state level. A great deal will depend on the willingness of educators to coalesce among themselves and include allies such as child care and child health advocates. Fiscal outcomes will depend on state by state developments, and on the effectiveness of political leadership by state level interest groups. The political split between parents and teachers in many states needs to be bridged. The above demographic and social analysis suggests that a state policy pattern of splintered schoolmen, unable to coalesce and engaging in internecine warfare, will lead to a much lower rate of school expenditure increases than in 1970-1980. Moreover, education is about 40-70% of the state budgets and will be vulnerable to initiatives like Proposition 13 in twelve states that have direct democracy. Education's best fiscal strategy is militant state electoral politics with heavy emphasis on campaign contributions and grass roots workers. For example, much of the effort expended at the national level by organized teachers should be redirected to state political campaigns and lobbying.

School Governance in the 1980's -- Everybody and Nobody in Charge

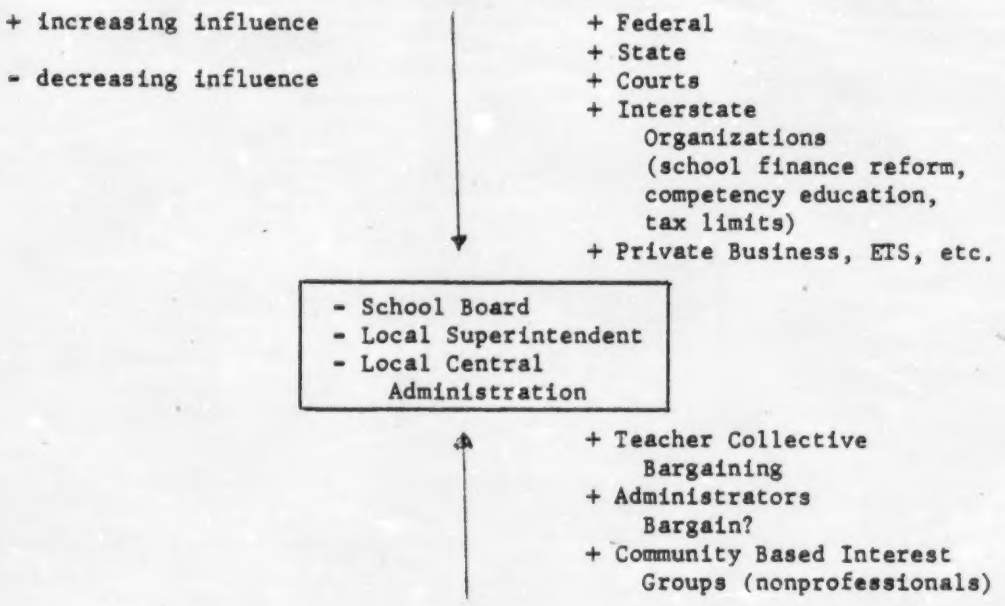
Along with this changed fiscal context, local school district discretion will continue to shrink. The increased reliance on non-local funding forces will be part of this. Specifically, the local superintendent of instruction will continue to lose his once preeminent position in setting an agenda and controlling decision outcomes.[34] The local superintendent and administrative staff is now a reactive force trying to juggle diverse and changing coalitions across different issues and levels of government. Many school reforms disappeared, but those that left a deposit generated structural organizational

[34] See William Boyd, "The Public, The Professionals, and Education Policy-making: Who Governs?" Teachers College Record, 77,4 (May, 1976).

additions that could be easily monitored and created a constituency. Part of the legacy of the prior era was a tremendous growth in specialized functions of the school, including administrative specialists in vocational education, driver education, nutrition, health, remedial reading, and so on. Many of these new structural layers diluted the influence of the superintendent and local board. These specialists were paid by federal or state categorical programs and were insulated from the superintendent's influence by the requirements of higher levels of government. Their allegiance was often to the higher levels of education governance rather than the local community.

Our basic thesis is that the discretionary decision zone of the local superintendents and the boards became squeezed progressively into a smaller and smaller area during the last decade. We see nothing to reverse these trends in the 1980's.

Trends in Educational Governance - 1980-1990



From the top, local discretion was squeezed by the growth of federal government, state government, and the courts. Moreover, there was an expansionary influence of private interest groups and professional "reformers" such as the Ford Foundation and the Council for Basic Education. Interstate organizations such as the Education Commission of the States and nationally oriented organizations like the Council for Exceptional Children increased their role. Superintendents and local boards found themselves squeezed in terms of their decision space from the bottom by such forces as the growth of local collective bargaining contracts reinforced by national teacher organizations. A recent study by the Rand Corporation documents the incursion of teacher organizations into education policy.[35]

The sixties was a period of growing local interest groups, often resulting from nationwide social movements. These national social movements that penetrated the local system, included such topics as civil rights, women's roles, students' rights, ethnic self-determination, and bilingual education. These non-local social movements spawned local interest groups that began agitating for various changes in local standard operating procedures. They advocated such changes as: suspension of students, curriculum differentiation, and so on. Traditional parent groups such as PTA and AAUW that provide diffuse support of local school authorities became less influential.

Beleaguered local policymakers found that as the 1970's came, their decision discretion became even less through outside forces, primarily economics and demography. The declining population of students and spreading resistance to increased school taxes further constrained local initiative

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[35] Lorraine McDonnell and Anthony Pascal, "National Trends in Teacher Collective Bargaining" in Education and Urban Society (February, 1979), Vol. II, No. 2, pp. 129-151. For an overview of these federal/state and court trends, see Tyl Van Geel, Authority to Control the School Program (Lexington: D.C. Heath, 1976).

and options. The end of the seventies has seen a period in many states of disillusionment with professionals in general and educators in particular. Distrust has grown and more actors squabble over a decreasing resource base at the local level for supporting public schools.

All of this is exemplified by the spreading movement of accountability, largely coming from federal, state and court sources. Such diverse things as due process and competency based graduation are good examples of this accountability era. Moreover, social movements in the 1970's differed from the 19th century. The 19th century social movements, exemplified by Horace Mann, were interested in building up institutions like the schools; now, many social movements are interested in questioning these public institutions and trying to make them more responsive to forces outside the local administrative structure. Some would even assert that these social movements are helping fragment school decision-making in such a way that local citizens cannot influence local school policy. The litany of the newspapers reflects violence, vandalism, and declining test scores as the predominant state of public education and further encourages federal/state interventions.

In California, this situation has become so serious that the schools will suffer increasingly from shock and overload. The issue becomes how much change and agitation can an institution take and continue to respond to its local clients and voters. Moreover, Californians are confronted with numerous initiatives such as Proposition 13, vouchers, spending limits, and a 1980 proposal to cut the state income tax in half. Local citizens go to the local school board and superintendent, expecting redress of their problems, and find the decision-making power is not there. The impression grows that no one is "in charge" of public education.

All of this does not mean that local authorities are helpless, rather it means they cannot control their agenda or structure most of the decision outcomes as they could in the past. The local superintendent must deal with shifting and ephemeral coalitions at various government levels that provide marginal advantage for a brief period. Increasingly, policy items on the local board agenda will be generated by external forces (federal, state and courts), or are reactions to proposals from the local interest group structures, including teachers. The era of the local administrative chief (e.g., superintendent) has passed with profound consequences The state-based finance strategy outlined above will probably intensify these trends favoring non-local influences on education policy.

It is simplistic to signify this changing governance structure as "centralization." There is no single central control point but rather a fragmented "elevated oligopoly." From the local school board perspective, this latter term refers to higher authorities (federal, state, courts), outside interests (ETS and Council for Exceptional Children), local internal interests (Vocational Education Coordinator) and other local agencies, such as police and health, with impact on education. Moreover, the shift of influence to higher levels has not resulted in a commensurate loss of local influence. Parents of handicapped and bilingual students have considerably more impact in local settings than they did 25 years ago. Indeed, as the number of actors surrounding education policymaking increases, discretion at the school level may also increase. One outside force can be played off against another.

In sum, governance of education will become more complex and unclear. Concepts such as bureaucratization and centralization imply clear hierarchies that do not exist. Changes in finance will have an impact on the 1980's governance pattern but will not be an overwhelming influence.